

## **BAY CITY OPINION**

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# **Auto insurance rates here collide with the facts**

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Michigan motorists are the safest drivers in the nation, car crashes here are down 54 percent and auto thefts have dropped 46 percent since 1986. Yet, auto insurance companies are soaking Michiganders with the highest auto insurance rates in the U.S.

These are insurance policies that the state's no-fault insurance law requires drivers to buy.

It's a dream deal for insurers, whose profits have soared this decade, and a nightmare for drivers who, in the worst economy in the nation, increasingly can't afford to pay these exorbitant, and rising, rates.

That's the picture that Melvin "Butch" Hollowell, Michigan consumer insurance advocate, paints in his 328-page report delivered to Gov. Jennifer Granholm on Jan. 28. It's a main component behind Granholm's demand of Feb. 3 for auto insurers to freeze their rates for a year, by March 1, while the state Legislature reforms the no-fault auto insurance system.

Our response: Sic 'em.

In 1978, the Michigan Supreme Court ruled that state-required, no-fault insurance policies that cost an arm and a leg are unconstitutional.

The statistics bear out Hollowell's argument that auto insurance in Michigan is not affordable, and therefore unconstitutional since the state requires it of all drivers.

The average annual premium statewide in the Great Lakes State is \$1,067, just under New Jersey's, the highest in the nation at \$1,100. In Detroit, drivers pay far and away the nation's highest average annual urban insurance premium - \$5,072.

Those premiums defy logic.

Auto thefts in the Motor City fell 14.2 percent from 2006 to 2007, the Michigan Auto Theft Prevention Authority reported last week. Statewide, vehicle thefts have plummeted 42 percent since 1986.

Allstate Insurance Co.'s Allstate America's Best Drivers Report said in July that Michigan drivers are the safest among the 50 states. Serious-injury crashes dropped here 54 percent in the last decade.

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Those numbers don't jibe with the sky-high rates that insurers charge Michigan drivers.

In fact, Allstate didn't think so, either, so the company sent the state of Michigan a retraction of its own study in September, saying it wasn't valid because the state's 35-year-old no-fault law wasn't taken into account.

Huh?

Hollowell has filed a formal complaint with the Michigan Department of Energy, Labor and Economic Growth demanding a retraction of Allstate's latest stand on Michigan drivers.

For its part, the insurance industry warns that messing with Michigan's auto insurance system will hurt consumers.

We don't see how. And, by the way, we hear that same, old tune from the same industry any time anyone suggests that insurance consumers get a better deal.

In Michigan, auto insurance is required by law. So, it's the state's responsibility to ensure that drivers here can afford to comply with the law.

But many don't, possibly because many of them can't. Around 20 percent of drivers in the state go bare, with no auto insurance, Hollowell said. In some urban areas, more than half of all drivers don't have insurance.

No wonder. Hollowell, a Detroit resident, says he pays \$12,000 a year for insurance on four cars - two newer models and two beaters.

Take up the insurance advocate's cause, Lansing. Reform the corrupted no-fault insurance system for lower rates.

What better way for a politician to tell each and every voter with a car - and that's most - "We're looking out for you."